



VOTI Detection Reports Fiscal 2020 Year End Results

Resilience & Resolve Pay Off – Emerging From 2020 Stronger & Better Positioned For Success

- Following significant strategic initiatives taken in FY20, Company emerging as a leaner, more efficient organization
- Company set to benefit from technological innovation with introduction of next generation MATRIX Series line of X-Ray scanners resulting in a new revenue stream with higher margins
- Company ends year with improved cash position through capital injections from shareholders, the leveraging of available government programs, and the cutting of operating costs
- Forecasting return to pre-pandemic annual sales level and gross margins
- Despite significant headwinds and the related negative impact of the global COVID-19 pandemic, company achieved revenue of \$19 million for FY20 compared with revenue of \$28.4 million for our fiscal year ended October 31, 2019 ("FY19")
- Achieved gross margin* of 30% for the year
- Company delivered 526 security scanning system units to a wide range of global clients across a diversified base of sectors

MONTREAL, Feb. 23, 2021 /CNW Telbec/ - VOTI Detection Inc. ("VOTI", "the Company", "we" or "our") (TSXV: VOTI), a leading-edge Canadian technology company that develops latest-generation X-ray security systems based on 3D Perspective™ technology, today announced results for its fourth quarter and full year ended October 31, 2020 ("FY20").

"Fiscal year 2020 was a very difficult year for our Company," commented Rory Olson, President and CEO of VOTI Detection. "We operated under unforeseen and extremely challenging circumstances brought about by the ongoing COVID-19 crisis and the resulting slowdown in the global economy. While our full year results reflect these circumstances, our fourth quarter results of FY20 finally pointed to the light at the end of the tunnel coming in at \$4.8 million vs. \$3.8 million posted in the third quarter of FY20. Moreover, we are forecasting revenue of \$6.3 million for the first quarter of fiscal 2021 ("FY21"), surpassing the pre-pandemic revenue reported in the first quarter of FY20 of \$6.0 million. These expected results illustrate that the trajectory of improvement as well as the momentum is continuing into the new fiscal year. In addition, through a focused objective of shoring up our cash position, I am very pleased to report that we ended the year with a significant improvement in our cash position through capital injections from shareholders, the leveraging of available government programs and the cutting of operating costs. I could not be prouder of the VOTI team, exhibiting tremendous resolve and proving our ability to move forward and come out even stronger."

Added Olson, "We believe that the initiatives that we have taken, particularly on the cost cutting front, along with the solid foundation that has been laid, our backlog and our leading technology, places us in a position to significantly grow our operations on a global basis over the coming years. More importantly, we believe that our latest estimates back up our improved outlook. Looking to the current fiscal year underway, starting with our first quarter results of FY21 and extending through the full 12 month period, we are forecasting a return to pre-pandemic levels both in sales and gross margins which we expect should result in positive Adjusted EBITDA for the full year of FY21 (barring, among other things, any further unforeseen negative impact or escalation of COVID-19). In addition, we are forecasting positive cash flow from operations for the full year of FY21. This

forecast results from the success of our restructuring initiatives taken throughout FY20 as well as the benefits of our technological innovations put in motion when we became a public company 2 years ago. Over these past 2 years we have been promising to disrupt the X-Ray scanning market through innovation, and we believe that we are delivering on that promise today."

Financial Highlights

Period Ended Oct. 31	Q4 2020	Q4 2019	Change	FY 2020	FY 2019	Change
Revenue	4,852,379	5,310,129	(457,750)	19,013,905	28,427,023	(9,413,118)
Gross profit	1,197,758	1,789,994	(592,236)	5,696,891	10,197,026	(4,500,135)
Gross margin %*	25%	34%	(9%)	30%	36%	(6%)
Net loss	(2,216,449)	(1,314,494)	(901,955)	(6,735,410)	(4,294,647)	(2,440,763)
Adjusted net loss*	(1,412,863)	(1,216,052)	(196,811)	(6,070,956)	(1,994,675)	(4,076,281)
Adjusted EBITDA*	(511,848)	(612,150)	100,302	(2,942,275)	(721,315)	(2,220,960)
Cash used in operating activities				(1,515,004)	(5,253,628)	3,738,624

Revenue

Revenue for the three-month period ended October 31, 2020 totaled \$4,852,379 compared to \$5,310,129 for the same period in FY19, a decrease of \$457,750 or 9%. The decrease was primarily related to the sales pipeline disruption caused by the COVID-19 pandemic. Revenue for the year ended October 31, 2020 totaled \$19,013,905 compared to \$28,427,023 in FY19, a decrease of \$9,413,118 or 33%. The decrease was primarily related to the sales pipeline disruption caused by the COVID-19 pandemic, as well as the change in product mix being sold through the 12 month period. The Company sold 526 security scanning units compared to 704 during the same period in Fiscal 2019.

Gross Profit

Gross profit in the fourth quarter decreased to \$1,197,758 or 25% of revenue, compared to \$1,789,994 or 34% for the same period in FY19. For the year, gross profit decreased to \$5,696,891, or 30% of revenue, compared to \$10,197,026 or 36% in FY19. The decrease in gross margin for the year was primarily related to the product and geography mix sold.

Net Loss

Net loss in the fourth quarter increased to \$2,216,449 compared to a net loss of \$1,314,494 for the same period of FY19. The increase in net loss of \$901,955 is primarily related to the decrease in gross profit, an increase in non-cash warrants and embedded derivatives liabilities, impairment of capitalized development costs and increases in trade receivable write-off and bad debts in 2020, partially offset by funding received from the Canadian Federal government COVID-19 Canada Employee Wage Subsidy (CEWS) stimulus program and a reduction in operating costs. For the full year ended October 31, 2020, net loss increased to \$6,735,410 compared to \$4,294,647 for the same period of FY19. The increase for the year was primarily related to the decrease in gross profit, increase in financial expense, trade receivable write-off and impairment of capitalized development costs in 2020, partially offset by a decrease in the Company's operating expenses, the absence of the reverse acquisition of Steamsand expenses in 2020, a decrease in the fair value of the Company's non-cash warrants and embedded derivatives liabilities, a decrease in share-based payments expense and funding received from the Canadian Federal government COVID-19 Canada Employee Wage Subsidy (CEWS) stimulus program.

Adjusted EBITDA*

For the fourth quarter of FY20, Adjusted EBITDA increased to (\$511,848) compared to (\$612,150) for the same period of FY19. The increase of \$100,302 was primarily related to the reduced operational costs and funding received from the Canadian Federal government COVID-19 Canada Employee Wage Subsidy (CEWS) stimulus program, partially offset by the decrease in gross profit. Adjusted EBITDA for year ended October 31, 2020 decreased to (\$2,942,275), compared to (\$721,315) for the same period in FY. The decrease of \$2,220,960 was primarily related to the decrease in revenue and related gross profit, partially offset by reduced operational costs and funding received from the Canadian Federal government COVID-19 Canada Employee Wage Subsidy (CEWS) stimulus program.

Cash Flows

Net cash used in operating activities during the year ended October 31, 2020 decreased to \$1,515,004 compared to \$5,253,628 for the same period of FY19. The decrease in net cash used in operating activities of \$3,738,624 primarily resulted from the positive impact from the change in the Company's non-cash working capital, partially offset by the decrease in cash-based operating results for the year.

Fiscal 2020 Yearend Results Conference Call:

Details of the Conference Call

When: February 24th, 2020 at 9:00 a.m. ET.

Dial in number: (+1) 888 390 0546, (+1) 416 764 8688 or (+1) 514 225 6995

Conference call replay available until Wednesday, March 3rd, 2021.

Recording Playback Number: (+1) 888 390 0541

Playback passcode: 331748#

To access the webcast, click on this link:

https://produceredition.webcasts.com/starthere.jsp?ei=1434059&tp_key=55869994c2

The conference ID is 37331748.

A full version of VOTI Detection Inc.'s Fiscal 2020 Fourth Quarter and Year End Management's Discussion and Analysis (MD&A) and Interim condensed consolidated financial statements for the year and quarter-ended October 31, 2020 are available on www.sedar.com.

***Non-IFRS Financial Measures**

Certain financial and non-financial measures included in this news release do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. The Company includes these measures because it believes they provide to certain investors a meaningful way of assessing financial performance. Adjusted EBITDA and Adjusted net loss are Non-IFRS measures and are further defined below. For a more complete description of these measures and a reconciliation of VOTI's Non-IFRS financial measures to financial results, please see VOTI's Management Discussion and Analysis for the year and quarter-ended October 31, 2020 available on www.sedar.com.

VOTI's definition of the non-IFRS terms are as follows:

Gross margin percent is defined as Gross profit divided by Revenue.

Adjusted EBITDA is defined as net income or loss before net finance expenses, depreciation and amortization expense and income tax expense, share-based compensation expenses and items that Management believes do not necessarily arise as part of the Company's normal day-to-day operations and could distort the analysis of trends in business performance.

Adjusted net loss is defined as net loss adjusted for share-based compensation and items Management believes do not necessarily arise as part of the Company's normal day-to-day operations and could distort the analysis of trends in business performance.

About VOTI Detection

VOTI Detection, headquartered in Montreal, Quebec, and listed on the TSX Venture Exchange, is a leading-edge Canadian technology company that develops latest-generation X-ray security systems based on 3D Perspective™ technology. VOTI's technology produces remarkably sharp and more revealing X-ray images that are competitively superior while delivering enhanced threat detection

capabilities and an improved user experience. Since its inception, VOTI has installed scanners in more than 50 countries and has consulted heavily with government agencies and security specialists worldwide to develop feature-rich and easy-to-use scanners that meet the sophisticated needs of modern security screening operations. www.votidetecction.com

Notice regarding forward-looking statements:

This release contains "forward-looking information" and "forward-looking statements" (collectively, "forward-looking statements") which the meaning of applicable securities laws. Forward-looking statements may relate to VOTI's financial outlook and anticipated events or results and may include information regarding VOTI's financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, plans and objectives. Particularly, information regarding VOTI's expectations of future results, performance, achievements, prospects or opportunities or the markets in which it operates and the impact thereon of the ongoing COVID-19 pandemic declared by the World Health Organization on March 11, 2020 ("COVID-19"), as well as statements relating to expectations regarding industry trends, growth rates, expectations regarding revenue and the revenue generation potential, business plans and strategies, VOTI's competitive position in its industry, VOTI's expectations relating to its rollout of its next generation MATRIX Series line of X-Ray scanners and the results associated therewith and its projections and forecasts relating to its expectations that it will return to or exceed pre-pandemic sales and gross margins constitute forward-looking statements.

In some cases, when used in this release, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "does not anticipate", "believe", "seek", "propose", "estimate", "project", "expect", "does not expect", "forecasts", "projection", "prospects", "outlook", "targets", or similar expressions, variations of such terms or the negative of such terms are intended to identify forward-looking statements. Such forward-looking statements reflect VOTI's then current views with respect to future events based on certain material facts, assumptions, opinions and estimates in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors VOTI currently believes are appropriate and reasonable in the circumstances and as of the date such forward-looking statements are made. Despite a careful process to prepare and review the forward-looking statements, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. The forward-looking statements are based on certain key expectations and assumptions made by VOTI, including expectations and assumptions concerning availability of capital resources and ability to finance, business performance, market conditions, and customer demand. Although VOTI believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements since no assurance can be given that they will prove to be correct.

Forward-looking statements are necessarily based on a number of opinions, estimates and assumptions that VOTI considered appropriate and reasonable as of the date such statements are made, are subject to certain known and unknown risks and uncertainties that may cause the actual results or events to differ materially from anticipated in such forward-looking statements, including without limitation risks regarding the threat detection technology industry, failure to obtain regulatory approvals, or changes in regulatory environment, economic factors, management's ability to manage and to operate the business of VOTI, the equity markets generally and risks associated with growth and competition, in addition to other risks identified in VOTI's most recently filed management's discussion and analysis and in other publicly filed documents under VOTI's profile at www.sedar.com as well as other unknown risks.

Many factors could cause VOTI's actual results, performance or achievements to vary from those described in this release, including without limitation those listed above, as well as the

assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements should not be unduly relied upon. VOTI does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this release are expressly qualified by these cautionary statements. Forward-looking statements contained in this release about prospective results of operations, financial position or cash flows are based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that outlook information contained in this release should not be used for the purposes other than for which it is disclosed herein or therein, as the case may be. In addition, the current situation and future developments with respect to COVID-19 could cause certain of the assumptions and information set forth herein or the fact that on which such assumptions are based to differ materially from previous expectations including in respect of demand for VOTI's products, supply chain and availability of materials, mobility and shipping of materials and or products, access to debt and equity capital and other factors.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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